

**LEWIS COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

(A Component Unit)

Financial Statements

June 30, 2009

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Table of Contents

	<u>Page Number</u>
BOARD of DIRECTORS and OFFICIERS	I
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	2-5
FINANCIAL STATEMENTS:	
Statement of Net Assets	6
Statement of Revenues, Expenses and Changes in Net Assets	7
Statement of Cash Flows.....	8
Notes to Financial Statements	9 - 11
SUPPLEMENTAL SCHEDULES:	
Schedule of Debt Service	12
Schedule of Revenues and Expenses - Budget and Actual	13
Schedule of Monthly Rates In Effect	14
Schedule of Number and Classification of Customers	15
Schedule of Information of the Lewis County Emergency Communications District	16
Schedule of State Financial Assistance	17
INTERNAL CONTROL AND COMPLIANCE:	
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	
	19-20

INTRODUCTORY SECTION

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

DIRECTORS AND OFFICERS

DIRECTORS	OFFICERS	TERM EXPIRES SEPT.30
Howard P. Moore	Chairman	2010
Sam Livingston	Vice Chairman	2009
Melody Carroll	Secretary-Treasurer	2012
Travis Hinson		2009
Steve Vineyard		2012
Jesse Staggs		2009
Dwayne Kilpatrick		2010
Majorie Graves		2010
Vanessa Dicus		2012

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lewis County Emergency Communications District
Hohenwald, Tennessee

I have audited the accompanying financial statements of Lewis County Emergency Communications District, a component unit of Lewis County, Tennessee for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Lewis County Emergency Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lewis County Emergency Communications District, a component unit of Lewis County, as of June 30, 2009, and the results of its operations and the cash flows for the year ending June 30, 2009 in conformity with accounting principles generally accepted of the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2009, on the consideration of Lewis County Emergency Communications District's internal control over financial reporting and the test of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by generally accepted accounting principles in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The audit was conducted for the purpose of forming an opinion on the financial statements of Lewis County Emergency Communications District, a component unit of Lewis County, taken as a whole. The accompanying Introductory Section and the Supplemental Schedules in the table of contents, including the Schedule of State Financial Assistance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in my opinion is fairly stated in all material respects in relation to the financial statements, taken as a whole.

John R Poole, CPA

September 30, 2009

Lewis County Emergency Communications District

Management's Discussion and Analysis

As management of the Lewis County Emergency Communications District, (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the Lewis County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$354,168. Of this amount, \$314,587 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets increased by \$98,268 during the current year, primarily as a result of higher than expected revenues. Revenues were \$127,652 more in the current year as the District had higher operating grant revenues from the State of Tennessee.

Overview of the Financial Statements:

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic financial statements can be found on pages 6-8 of this report. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9-11 of this report.

Financial Analysis of the Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Lewis County Emergency Communications District, assets exceeded liabilities by \$354,168 at the close of the most recent fiscal year.

By far the largest portion of the District's assets reflects its investment in capital assets. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis of the Financial Statements

Lewis County Emergency Communications District's Net Assets - 2009

Current assets	\$ 320,280
Other assets	6,044
Capital assets, net	<u>919,092</u>
Total assets	<u>1,245,416</u>
Long-term debt	725,000
Other liabilities	<u>166,248</u>
	<u>891,248</u>
Net assets:	
Invested in capital assets	39,581
Unrestricted	<u>314,587</u>
Total net assets	\$ <u>354,168</u>

Lewis County Emergency Communications District's Net Assets - 2008

Current assets	\$ 785,991
Other assets	6,364
Capital assets, net	<u>223,560</u>
Total assets	<u>1,015,915</u>
Long-term debt	750,000
Other liabilities	<u>10,015</u>
	<u>760,015</u>
Net assets:	
Invested in capital assets	134,091
Unrestricted	<u>121,809</u>
Total net assets	\$ <u>255,900</u>

At the end to the current fiscal year, the District is able to report positive balances in all categories of net assets.

Capital Asset

The Lewis County Emergency Communications District's investment in capital assets from its activities at June 30, 2009, amounts to \$919,092 (net or accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

Lewis County Emergency Communications District's Capital Assets

	<u>2008</u>	<u>2009</u>
Land	3,000	3,000
Building (under construction)	86,469	807,408
Communication equipment	<u>275,986</u>	<u>275,986</u>
Total	365,455	1,086,394
Less accumulated depreciation	<u>(141,895)</u>	<u>(167,302)</u>
Net Capital Assets	\$ <u>223,560</u>	<u>919,092</u>

Additional information on the Lewis County Emergency Communications District's capital assets can be found in the notes to the financial statements section of this report.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Melody Carroll
Lewis County Emergency Communications District

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Assets

June 30, 2009

<u>Assets</u>	<u>Account Number</u>	
Current Assets:		
Cash and cash equivalents	1001	\$203,816
Certificate of deposits	1001	94,205
Accounts receivable	1004	22,259
Total Current Assets		<u>320,280</u>
Capital Assets:		
Communication equipment	1308	275,986
Less accumulated depreciation -	1311	(167,302)
Total Capital Assets, Net		<u>108,684</u>
Capital Assets, not being depreciated:		
Land	1301	3,000
Building in progress	1302	807,408
Total Capital Assets not being depreciated		<u>810,408</u>
Other assets: Debt issue costs	1401	<u>6,044</u>
Total Assets		<u><u>\$1,245,416</u></u>
-		
Current Liabilities		
Accounts payable - construction	2001	160,555
Accrued expenses	2020	5,693
Current portion of debt	2202	25,000
Total Current Liabilities		<u>191,248</u>
Long-term debt	2202	<u>700,000</u>
Total liabilities		<u>891,248</u>
Net Assets:		
Unrestricted	2320	314,587
Invested in capital assets, net of related debt	2301	39,581
Total Net assets		<u>354,168</u>

The accompanying notes are an integral part of these financial statements.

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2009

	Account Number	
Operating Revenues:		
Emergency Telephone Service Charge	3001	\$55,612
State Emergency Communications Board Wireless Charge	3002	97,359
Total Operating Revenues		<u>152,971</u>
Operating Expenses:		
Addressing and mapping	4201	52,749
Dispatchers	4003	69,794
Fees and licenses	4413	300
Depreciation	4500	25,407
Amortization	4600	320
Supplies	4305	3,556
Insurance	4409	200
Professional services	4203	1,500
Repair and maintenance	4232	4,017
Total Operating Expenses		<u>157,843</u>
Operating income (loss)		<u>(4,872)</u>
Nonoperating Revenues (Expenses):		
Interest expense	5010	(33,925)
Operating Contributions -State Emergency Communications	3003	109,662
Interest income	5002	27,403
Total Nonoperating Revenues (Expenses)		<u>103,140</u>
Net change in net assets		98,268
Net assets, June 30, 2008		<u>255,900</u>
Net assets, June 30, 2009		<u>\$354,168</u>

The accompanying notes are an integral part of these financial statements.

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ending June 30, 2009

Cash Flows from Operating Activities:	
Cash received from customers	\$166,946
Cash paid to suppliers	<u>(171,134)</u>
Net Cash Provided by Operating Activities	<u>(4,188)</u>
Cash Flows from Capital and Related Financing Activities:	
Interest expenses	(33,925)
Payments on loan	(25,000)
Acquisition of capital assets	<u>(553,637)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(612,562)</u>
Cash Flows from Noncapital Activities:	
Operating grants	<u>109,662</u>
Net Cash From Noncapital Activities	<u>109,662</u>
Cash Flows from Investing Activities:	
Redemption (purchase) of certificate of deposit	649,782
Interest received	<u>27,403</u>
Net Cash From Investing Activities	<u>677,185</u>
Net Increase (decrease) in Cash	170,097
Cash and Cash Equivalents, June 30, 2008	<u>33,719</u>
Cash and Cash Equivalents, June 30, 2009	<u><u>\$203,816</u></u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	(\$4,872)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	25,727
Change in assets (increase) decrease:	
Accounts receivable	(13,975)
Change in liabilities increase (decrease):	
Accounts payable	<u>(11,068)</u>
Net Cash Provided by Operating Activities	<u><u>(\$4,188)</u></u>

The accompanying notes are an integral part of these financial statements.

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lewis County Emergency Communications District (District) was created as a public corporation under authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984. The District was formed to establish local emergency telephone service and a primary emergency number for the residents of Lewis County, Tennessee. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the County. The Board consists of nine members. The District is considered a political subdivision and is exempt from Federal and State income taxes. The District is considered a component unit of Lewis County. The County appoints the Board of Directors and the County Commission may adjust service fees and must approve bonded debt. As a result, the Lewis County Commission indirectly imposes its will on the District.

Basis of Accounting

The accompanying financial statements of the District have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

The District applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The District has elected not to apply FASB Statements and interpretations issued after November 30, 1989.

Cash and Cash Equivalents

The District considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents.

Supply Inventory

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

Property, Plant and Equipment

Property, plant and equipment of the District is recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for property, plant and equipment in service is from 5 to 10 years. The District does capitalize interest incurred on construction projects.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Budget

The District's annual budget is required by state law. The District's Board of Directors formally approve the budget. The budget is adopted on a basis consistent with generally accepted accounting principles except that depreciation is not budgeted, and the budgeted costs of fixed assets purchased and debt service are included as expenditures.

Note 2 - CASH AND CERTIFICATES OF DEPOSIT

The District is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the year, the District invested funds that were not immediately needed in deposit accounts. The District has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the District and must total a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The District's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

Note 3 - CAPITAL ASSETS

A summary of changes in capital assets in service is as follows:

	Balance 6-30-08	Additions	Disposals	Balance 6-30-09
Communications equipment	<u>275,986</u>	<u>-</u>	<u>-</u>	<u>275,986</u>
Less accumulated depreciation	<u>(141,895)</u>			<u>(167,302)</u>
Utility plant - net	<u>\$134,091</u>			<u>108,684</u>

Assets not being depreciated:

The District has purchased land and has incurred costs for a facility for the operations. As of June 30, 2009, the District purchased land of \$3,000 and building under construction costs of \$807,408. These assets are not being depreciated as of year end.

	6-30-08	Additions	Disposals	6-30-09
Facility under construction	<u>89,469</u>	<u>720,939</u>	<u>-</u>	<u>807,408</u>

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2009

Note 4 - LONG-TERM DEBT

The following is a summary of changes in long-term debt:

	Balance			Balance
	<u>6-30-08</u>	<u>Additions</u>	<u>Retirements</u>	<u>6-30-09</u>
Series 2005	\$ 750,000	-	25,000	725,000

Future maturities of note principal and interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2010	25,000	32,775
2011	25,000	31,625
2012	25,000	30,475
2013	30,000	29,210
2014	30,000	27,830
2015-2019	165,000	117,415
2020-2024	215,000	76,855
2025-2028	<u>210,000</u>	<u>29,210</u>
Total	<u>\$ 725,000</u>	<u>375,395</u>

The District will use the proceeds of the loan for future facility expansion.

Note 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The District purchases commercial financial bonded insurance for its Treasurer and Chairman. For all other risks, the District is included in the liability insurance of the Lewis County government. The coverage also includes fire and extended insurance for damages or loss which might occur to the District's equipment. There have been no claims during the last three years.

SUPPLEMENTAL INFORMATION

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Debt Service Requirements

June 30, 2009

Year	CAPITAL OUTLAY BUILDING		TOTALS	
	Principal	Interest	Principal	Interest
2010	\$ 25,000	32,775	25,000	32,775
2011	25,000	31,625	25,000	31,625
2012	25,000	30,475	25,000	30,475
2013	30,000	29,210	30,000	29,210
2014	30,000	27,830	30,000	27,830
2015	30,000	26,450	30,000	26,450
2016	30,000	25,070	30,000	25,070
2017	35,000	23,575	35,000	23,575
2018	35,000	21,965	35,000	21,965
2019	35,000	20,355	35,000	20,355
2020	40,000	18,630	40,000	18,630
2021	40,000	16,790	40,000	16,790
2022	45,000	14,835	45,000	14,835
2023	45,000	13,835	45,000	13,835
2024	45,000	12,765	45,000	12,765
2025	50,000	10,695	50,000	10,695
2026	50,000	8,510	50,000	8,510
2027	55,000	6,210	55,000	6,210
2028	55,000	3,795	55,000	3,795
	\$ 725,000	375,395	725,000	375,395

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**Schedule of Revenues and Expenses
Budget and Actual**

For the Year Ended June 30, 2009

		<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
Operating Revenues:	<u>Number</u>			
Emergency Telephone Service Charge	3001	\$50,000	\$55,612	\$5,612
State Emergency Communications Board Wireless Charge	3002	27,000	97,359	70,359
Total Operating Revenues		<u>77,000</u>	<u>152,971</u>	<u>75,971</u>
Operating Expenses:				
Addressing and mapping	4201	50,000	52,749	(2,749)
Dispatchers	4003	69,600	69,794	(194)
Fees and licenses	4413	300	300	0
Depreciation	4500	59,000	25,407	33,593
Amortization	4600	0	320	(320)
Supplies	4305	3,400	3,556	(156)
Insurance	4409	200	200	0
Professional services	4203	2,600	1,500	1,100
Repair and maintenance	4232	10,000	4,017	5,983
Total Operating Expenses		<u>195,100</u>	<u>157,843</u>	<u>37,257</u>
Operating income (loss)		<u>(118,100)</u>	<u>(4,872)</u>	<u>38,714</u>
Nonoperating Revenues (Expenses):				
Interest expense	5010	0	(33,925)	33,925
Operating Contributions -State Emergency Communications	3003	82,250	109,662	27,412
Interest income	5002	700	27,403	26,703
Total Nonoperating Revenues (Expenses)		<u>82,950</u>	<u>103,140</u>	<u>88,040</u>
Net change in net assets		<u>(35,150)</u>	<u>98,268</u>	<u>133,418</u>

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Monthly Rates in Effect

June 30, 2009

<u>Type of Customer</u>	<u>Rate</u>
Residential customers	\$ 0.65
Business customers	\$ 2.00

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Number and Classification of Customers

June 30, 2009

All Telephone Companies

Residential customers	3,979
Business customers	897

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**Schedule of Information of the Lewis County
Emergency Communications District**

June 30, 2009

Number of public safety answering points:	1
Addresses of these locations:	Hohenwald City Hall 118 West Linden Hohenwald, TN. 38462
System used - - including database:	Positron - BellSouth
Chairman :	Howard P. Moore P. O. Box 611 Hohenwald, TN. 38462
Treasurer:	Melody Carroll P. O. Box 611 Hohenwald, TN. 38462
Telephone number:	931-796-2231
Fax number:	931-796-6055

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2009

State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2008	Cash Receipts	Other Receipts	Cash Expenditures	Receivable (Deferred) Balance June 30, 2009
State Program:							
N/A	Operations funding	State of Tennessee Commerce and Insurance	\$0	99,662	0	99,662	0
N/A	GIS	State of Tennessee Commerce and Insurance	\$0	10,000	0	10,000	0
Totals			\$0	109,662	0	109,662	0

**COMPLIANCE AND
INTERNAL CONTROL**

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Lewis County Emergency Communications District
Hohenwald, Tennessee

I have audited the financial statements (as listed in the table of contents) of Lewis County Emergency Communications District, a component unit of Lewis County, Tennessee for the year ending June 30, 2009, and have issued my report thereon dated September 30, 2009. I conducted the audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing the audit, I considered the Lewis County Emergency Communications District's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lewis County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

The significant deficiency is as follows:

Prior Year:

2007-1 Separation of Duties

Due to the limited number of personnel employed by the District, several functions, which ideally should be performed by different individuals, are regularly performed by one person. I recommend that the District strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

Disposition:

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

Management Response:

Due to the size of the office, a complete separation of duties is not possible, however we are continuing to monitor office responsibilities.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lewis County Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lewis County Emergency Communications District's response to the finding identified in the audit is described above. I did not audit the Management Response and, accordingly, I express no opinion on it.

I noted certain matters that I reported to management of the Lewis County Emergency Communications District in a separate letter dated September 30, 2009.

This report is intended solely for the information and use of the audit committee, management, and State Comptrollers Office and is not intended to be and should not be used by anyone other than these specified parties.

John R. Poole, CPA

September 30, 2009